

P-407,401,532,421/CP-91-237 ORDER REQUIRING FURTHER FILINGS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Cynthia A. Kitlinski  
Dee Knaak  
Norma McKanna

Chair  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for  
Extended Area Service from the  
Cherry Grove Exchange to the  
Preston Exchange and to the  
Harmony/Granger Local Calling  
Area

ISSUE DATE: January 22, 1992

DOCKET NO. P-407,401,532,421/CP-  
91-237

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**PROCEDURAL HISTORY**

On March 20, 1991, subscribers in the Cherry Grove exchange filed a petition seeking extended area service (EAS) to the Preston exchange and the Harmony/Granger local calling area. Cherry Grove is served by GTE Minnesota (GTE), Preston is served by US WEST Communications, Inc. (US WEST), and the Harmony/Granger local calling area is served by Harmony Telephone Company (Harmony) and Ace Telephone Company (Ace).

On June 28, 1991, Contel of Minnesota, the predecessor to GTE, filed traffic studies. On May 16 and August 2, 1991, the Department of Public Service (the Department) filed reports concerning the petition. On September 16, November 13, and December 2, 1991, GTE submitted revised traffic studies.

The matter came before the Commission on January 14, 1992.

**FINDINGS AND CONCLUSIONS**

**The EAS statute**

The Minnesota EAS statute, Minn. Stat. § 237.161 (1990) requires that three criteria must be met before EAS will be installed:

1. The petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;
2. Polling by the commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the commission agree that no polling is necessary; and

3. At least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which extended area service is requested, as determined by a traffic study.

### **Contiguity**

The Commission finds that Cherry Grove is contiguous to the Preston exchange. Cherry Grove is also contiguous to the Granger/Harmony local calling area because Cherry Grove and Granger share a common boundary. The first requirement under the EAS statute is therefore met.

### **Traffic**

Traffic studies submitted by GTE indicate that more than 50% of the Cherry Grove subscribers placed one or more calls per month to Preston and to the Granger/Harmony local calling area. The Commission finds that the traffic criterion of the EAS statute is fulfilled.

### **Cost studies**

The third criterion under the EAS statute is an affirmative response to EAS by a majority of subscribers responding to a poll. In order for meaningful polling to take place, subscribers must be informed of proposed EAS rates. Rates are based on cost studies which in turn depend on traffic study information.

Under Minn. Stat. § 237.161, the Commission must establish rates which are income neutral for each affected telephone company. In the present docket, GTE, US WEST, Harmony and Ace are the affected telephone companies. These companies must submit traffic studies which are mutually compatible in order for the Commission to interpret the data and establish rates. The Commission will therefore require the affected telephone companies to meet among themselves and with the Department in order to develop a mutually acceptable traffic study methodology. The Commission finds that a stimulation factor of 400% will be most appropriate in the traffic study methodology and a gross receipts factor of 0% will be most appropriate in the companies' cost studies.

### **ORDER**

1. The Cherry Grove exchange is contiguous to the Preston exchange and to the Granger/Harmony local calling area.
2. Within 30 days of the date of this Order, GTE, US WEST, Harmony and Ace shall meet with one another and with the Department and shall establish a mutually acceptable traffic study methodology. The methodology shall incorporate a stimulation factor of 400%.

3. Within 75 days of the date of this Order, GTE, US WEST, Harmony and Ace shall file traffic studies, cost studies and proposed rates for the Cherry Grove/Preston and Cherry Grove/Granger-Harmony EAS routes. The cost studies shall use 1992 cost factors, including a gross receipts factor of 0%.
4. Within 45 days of the last filing regarding proposed rates, the Department shall file its report and recommendation regarding the traffic studies, cost studies and proposed rates.
5. Parties who wish to file responses to the Department's report shall do so within 20 days of the Department's filing.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)